



# Revised Financing Principles

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TRICARE Conference

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# Overview

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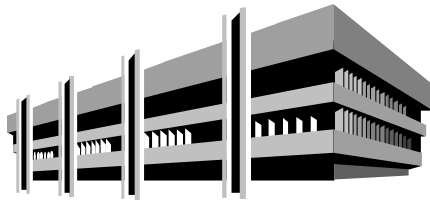
- ◆ Basics of Revised Financing
- ◆ A Small Facilities Experience
  - Region 1 Patuxent River
- ◆ Resource Sharing in Revised Financing
  - Region 2 Womack Army Medical Center
- ◆ Keys for Success
  - Region 5 Wright-Patterson Medical Center

# REVISED FINANCING = REALIGNMENT OF RISK



**MTF**  
*(Full Risk)*

**Contractor/Government**  
*(Shared Risk)*



**Options  
for  
TRICARE  
Eligible  
Beneficiaries**

**Active Duty**

***MTF Prime Enrollees***

**Medicare eligibles**

**Contract Prime  
Enrollees**

**Non-enrollees**

# Key Concepts of “Revised Financing”:

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MTFs Purchase Care for Their  
~~Employees~~ Employees MTF on monthly basis

- ◆ Same provider discounts apply
- ◆ Goal: Encourage utilization management, preventive medicine and reasoned expansion of capacity

# Key Concepts of “Revised Financing”:

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## MTF Enrollee Funding

♦ Funds identified by IMA based on historical CHAMPUS costs for FY97

- Based upon MTF Prime enrollee projections
- Data Collection Period CHAMPUS cost per user
- ♦ These funds equate to the not-at-risk portion of the Independent Gov Cost Estimate
  - Carved out of MCSC
  - Distributed Services in FY00 funding

# Key Concepts of “Revised Financing”:

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Timely Adjustments to MTF  
◆ Quarterly Bid Price Adjustments (BPAs) ...  
Funding

- ◆ .. vs. the previous annual BPAs
- ◆ Goal: Strengthen incentives for MTF to manage care (UM, PM, etc.) via more timely financial rewards for performance.

# Improvements in Region 2/5 Reprocurement

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- ◆ Modified BPA Schedule
  - Risk Sharing semi-annual vs. quarterly
- ◆ 50/50 Continuous Risk Sharing
- ◆ Elimination of Case Mix
- ◆ Elimination of CHAMPUS Price Inflation Reimbursement Index (CPIRI)

# Improvements in Region 2/5 Reprocurement

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- ◆ Improved Resource Sharing
  - Eliminates up front savings
  - Funds MTF marginal costs centrally w/Lead Agent approval